

COCHENOUR WILLANS

G O L D M I N E S , L I M I T E D

1 9 7 4

ANNUAL REPORT

COCHENOUR WILLANS GOLD MINES, LIMITED

Directors

J. EDWIN J. FAHLGREN, *Cochenour, Ont.*
ROBERT E. FASKEN, *Mississauga, Ont.*
JOHN B. MCLELLAN, *Toronto, Ont.*
MURDOCK C. MOSHER, *Toronto, Ont.*
GEORGE T. SMITH, *Toronto, Ont.*
ROBERT M. SMITH, *Oakville, Ont.*

Officers

J. E. J. FAHLGREN, *President*
G. T. SMITH, *Vice-President*
J. B. MCLELLAN, *Secretary*
B. C. LEMON, *Treasurer and Asst. Secretary*

General Manager

J. E. J. FAHLGREN, *Cochenour, Ont.*

Chief Geologist

L. C. CHASTKO, *Cochenour, Ont.*

General Superintendent

D. H. COGHILL, *Cochenour, Ont.*

Registrar & Transfer Agents

CANADA PERMANENT TRUST COMPANY
20 Eglinton Avenue West
Toronto, Ontario M4R 2E2

Bankers

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto and Balmertown, Ontario

Auditors

THORNE RIDDELL & Co.
Thunder Bay 'F', Ontario

Solicitors

FRASER & BEATTY
York Centre, 145 King Street West
Toronto, Ontario M5H 1J8

Executive & Mine Office

Cochenour, Ontario
POV 1L0

Report of the Directors

To the Shareholders of
Cochenour Willans Gold Mines, Limited

The Board of Directors submit herewith the Annual Report of Cochenour Willans Gold Mines, Limited together with the Financial Statements for the year ended December 31, 1974 which include the Balance Sheet, Statement of Income, Statement of Deficit and Statement of Source and Application of Funds, consolidated with those of our wholly-owned subsidiary Cochenour Realty Limited and our subsidiary Wilmar Mines Limited. Also included is the Report of the General Manager covering the exploration activities in which your corporation participated, and the financial statements of three of your corporation's subsidiaries with related Auditor's Reports, namely — Annco Mines Limited, Consolidated Marcus Gold Mines Limited and Cochenour Explorations Limited.

Wilmar Mines Limited

The Diamond Drilling program during 1974 was concentrated on the West Granodiorite Zone which has proven to have continuity from surface to the 1800 level (1600 vertical feet). The tonnage potential indicated is 3.15 to 4.5 million tons. The indicated grade is 0.076 to 0.131 ounces gold per ton. The nature of the gold occurrence is erratic, yet a pattern of dominant flat-lying fracture veining is apparent. The establishment of the grade of this structure became critical to the evaluation of the possible economic viability. Your directors resolved to proceed with the mining of 25,000 tons in the granodiorite to provide 20,000 tons for a milling test. The milling test is in progress and the results of the test are expected to be available by the end of June, 1975.

The 1975 mining and milling program is estimated to cost \$600,000; 65% of which is to be supplied by Cochenour, i.e. \$390,000.

The Winze Area

Exploration diamond drilling in the Breccia and carbonate structures in the East zone from the 1300 to the 2050 level has provided additional intersections which substantiate the potential of the zones.

Your Directors approved a program of Development work on the East Zones in the winze area that will cost approximately \$100,000; 65% of which is to be supplied by Cochenour, i.e. \$65,000. This program includes development and mining so that ore from this area can be milled upon the completion of the milling test.

Exploration

Cochenour will continue with its program of outside exploration as set out in the report of the General Manager, in partnership with Selco Mining Corporation Limited and Coin Lake Gold Mines Limited.

Finances

In February 1974 Cochenour undertook a rights offering to holders of its outstanding shares of record at the close of business on February 28, 1974, to subscribe for and purchase from Cochenour 655,093 additional shares at the subscription price of \$1.25 per share. 584,801 shares were purchased and the amount of \$731,001 was received therefor.

The working capital of Cochenour at the end of the year was \$672,714 — up \$263,062.

Submitted on behalf of the Board,

J. E. J. FAHLGREN,
President.

May 16th, 1975,
COCHENOUR, Ontario.

COCHENOUR WILLANS

(Incorporated under
and its consolidat

Consolidated Balance Sheet

(with comparative figures)

ASSETS

CURRENT ASSETS

	1974	1973
Cash and deposit receipts	\$ 307,417	\$ 185,366
Accounts receivable	92,638	59,630
Receivable from affiliated company, Coin Lake Gold Mines Limited	79,774	1,054
Marketable securities, at cost less provision for loss on investment of \$9,842 (quoted market value \$88,200)	88,200	—
Materials and supplies, at the lower of cost and replacement cost	209,613	167,749
Prepaid expenses	10,908	23,245
	<u>788,550</u>	<u>437,044</u>
INVESTMENT IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARY COMPANIES (note 2)	—	—
INVESTMENT IN AFFILIATED COMPANY, COIN LAKE GOLD MINES LIMITED		
Shares, at cost (quoted market value 1974, \$22,945; 1973, \$26,223)	24,571	24,571
OTHER INVESTMENTS		
Shares in other mining companies, at cost (quoted market value \$19,050; 1973, \$6,570)	15,220	15,220
FIXED ASSETS (note 3)	705,384	768,194
MINING CLAIMS AND LICENCES, at cost (notes 4 and 6)	795,956	795,956
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES, less amortization (notes 5 and 6)	1,735,778	1,229,938
	<u>\$4,065,459</u>	<u>\$3,270,923</u>

AUDITOR

To the Shareholders of
Cochenour Willans Gold Mines, Limited

We have examined the consolidated balance sheet of Cochenour Willans Gold Mines, Limited and its consolidated subsidiaries as at December 31, 1974 and the consolidated statements of income, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Thunder Bay, Canada,
February 14, 1975.

GOLD MINES, LIMITED

(Companies of Ontario)
and its subsidiaries

December 31, 1974

(at December 31, 1973)

LIABILITIES

CURRENT LIABILITIES	1974	1973
Accounts payable and accrued liabilities	\$ 85,148	\$ 28,654
Advances from minority shareholder	205,926	—
	291,074	28,654
INTEREST OF MINORITY SHAREHOLDERS IN SUBSIDIARY COMPANY	444,349	444,349

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 7)

Authorized

7,000,000 shares without par value (1973, 5,000,000 shares)

Issued

4,515,356 shares (1973, 3,930,555 shares) 3,796,086 3,065,085

DEFICIT 872,589 725,273

2,923,497 2,339,812

EXCESS OF APPRAISED VALUE OF FIXED ASSETS OVER DEPRECIATED BOOK VALUE (note 3) 406,539 458,108

3,330,036 2,797,920

\$4,065,459 \$3,270,923

Contingent liability (note 8)

Approved by the Board:

J. E. J. FAHLGREN, Director.

J. B. McLELLAN, Director.

REPORT

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1974 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE GUNN & CO.,
Chartered Accountants,

COCHENOUR WILLANS GOLD MINES, LIMITED
and its consolidated subsidiaries

Consolidated Statement of Income

Year Ended December 31, 1974
(with comparative figures for 1973)

REVENUE	1974	1973
Real estate income	\$ 43,197	\$ 39,517
EXPENSES		
Mine	25,720	34,503
Real estate	19,918	22,904
Administration	36,911	31,752
Financing costs	31,844	—
Directors' fees	3,475	2,300
Depreciation	70,232	81,005
Municipal taxes	17,365	25,011
Insurance	11,163	18,552
Exploration and prospecting, net of grants received (note 8)	53,525	87,706
	<u>270,153</u>	<u>303,733</u>
	<u>226,956</u>	<u>264,216</u>
OTHER INCOME		
Interest and dividends	51,183	14,134
Miscellaneous	12,978	34,140
	<u>64,161</u>	<u>48,274</u>
Loss before the undernoted	<u>162,795</u>	<u>215,942</u>
Add		
Provision for loss on investment in and advances to unconsolidated subsidiary companies	28,356	16,062
Provision for loss on investment in marketable securities	9,842	—
	<u>200,993</u>	<u>232,004</u>
Deduct		
Recovery of hydro expenses of prior years	—	36,686
Gain on sale of marketable securities	2,108	—
Gain on sale of fixed assets	—	6,650
	<u>2,108</u>	<u>43,336</u>
LOSS FOR THE YEAR	<u>\$ 198,885</u>	<u>\$ 188,668</u>
LOSS PER SHARE	4¢	5¢

COCHENOUR WILLANS GOLD MINES, LIMITED
and its consolidated subsidiaries

Consolidated Statement of Deficit

Year Ended December 31, 1974
(with comparative figures for 1973)

	1974	1973
Deficit at beginning of year	\$ 725,273	\$ 624,619
Excess of appraised value of fixed assets over depreciated book value, written off on disposal of fixed assets during the year	39,569	76,014
Amortization of excess of appraised value of fixed assets over depreciated book value	12,000	12,000
	<u>51,569</u>	<u>88,014</u>
	673,704	536,605
Loss for the year	198,885	188,668
DEFICIT AT END OF YEAR	<u>\$ 872,589</u>	<u>\$ 725,273</u>

Consolidated Statement of Source and Application of Funds

Year Ended December 31, 1974
(with comparative figures for 1973)

SOURCE OF FUNDS	1974	1973
Proceeds from sale of capital stock	\$ 731,001	\$ 19,000
Proceeds from sale of fixed assets	62,151	90,332
Issue of shares of subsidiary to minority shareholders	—	110,000
	<u>793,152</u>	<u>219,332</u>
 APPLICATION OF FUNDS		
Operations		
Loss for the year	198,885	188,668
Items not involving current funds		
Depreciation	70,232	81,005
Provision for loss on investment in and advances to unconsolidated subsidiary companies	28,356	16,062
Gain on sales of real estate	(14,765)	(3,011)
Gain on sales of other fixed assets	—	(6,650)
	<u>83,823</u>	<u>87,406</u>
	115,062	101,262
Mining claims	—	2,040
Exploration and development expenditures, less depreciation capitalized	496,258	230,309
Additions to fixed assets	64,390	8,972
Increase in investment in and advances to unconsolidated subsidiary companies	28,356	16,062
	<u>704,066</u>	<u>358,645</u>
INCREASE (DECREASE) IN WORKING CAPITAL	89,086	(139,313)
WORKING CAPITAL AT BEGINNING OF YEAR	408,390	547,703
WORKING CAPITAL AT END OF YEAR	<u>\$ 497,476</u>	<u>\$ 408,390</u>

COCHENOUR WILLANS GOLD MINES, LIMITED
and its consolidated subsidiaries

Notes to Consolidated Financial Statements
Year Ended December 31, 1974

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of Cochenour Realty Limited, a wholly-owned subsidiary, and Wilmar Mines Limited a 65.2% owned subsidiary.

The remaining subsidiaries are inactive and are considered immaterial and their accounts have not been consolidated in these financial statements.

2. INVESTMENT IN AND ADVANCES TO UNCONSOLIDATED SUBSIDIARY COMPANIES

	1974	1973
ANNCO MINES LIMITED		
Shares, at cost	\$ 479,998	\$ 479,998
Advances	195,829	194,862
	675,827	674,860
Less provision for loss on investment	675,827	674,860
	\$ —	\$ —
COCHENOUR EXPLORATIONS LIMITED		
Shares, at cost	\$ 121,439	\$ 121,439
Advances	141,433	115,459
	262,872	236,898
Less provision for loss on investment	262,872	236,898
	\$ —	\$ —
CONSOLIDATED MARCUS GOLD MINES LIMITED		
Shares, at cost	\$ 86,240	\$ 86,240
Advances	48,156	46,741
	134,396	132,981
Less provision for loss on investment	134,396	132,981
	\$ —	\$ —

ANNCO MINES LIMITED

At December 31, 1974, the company owned 1,600,000 shares of AnncO Mines Limited representing 55% of the issued capital stock.

COCHENOUR EXPLORATIONS LIMITED

Under the terms of an agreement dated January 21, 1966, Cochenour Explorations Limited may request advances from its shareholders to a maximum of \$250,000, in proportion to their shareholdings, should the board of directors of Cochenour Explorations Limited determine that the exploration properties warrant the expenditure of additional funds. Default on such requests can result in the forfeiture of a pro-rata portion of the shareholders' shares in the company to the other shareholders.

At December 31, 1974, Cochenour Willans Gold Mines, Limited was committed to a maximum advance of \$127,500 based on present shareholdings, of which \$117,005 has been requested to date. The company has made advances to December 31, 1974 totalling \$141,433 of which \$24,428 has been advanced in anticipation of taking over the shares of delinquent shareholders who have failed to pay their proportionate share of expenditures incurred pursuant to this agreement.

COCHENOUR WILLANS GOLD MINES, LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued) Year Ended December 31, 1974

At December 31, 1974, the company owned 255,000 shares of Cochenour Explorations Limited, representing 51% of the issued capital stock and was anticipating the acquisition of a further 10.6% of the issued capital stock.

CONSOLIDATED MARCUS GOLD MINES LIMITED

At December 31, 1974, the company owned 1,780,700 free shares of Consolidated Marcus Gold Mines Limited representing 57.4% of the issued capital stock. A further 249,995 shares are held in escrow to be released if and when the company has caused Consolidated Marcus Gold Mines Limited to bring its mining claims into production.

3. FIXED ASSETS

	1974	1973
Land	\$ 1	\$ 1
Buildings	1,130,790	1,225,685
Less accumulated depreciation	601,100	599,800
	<u>529,690</u>	<u>625,885</u>
Machinery and equipment	1,868,430	1,804,040
Less accumulated depreciation	1,692,737	1,661,732
	<u>175,693</u>	<u>142,308</u>
	<u>\$ 705,384</u>	<u>\$ 768,194</u>

The townsite buildings were appraised at market value on December 31, 1969 by O'Brien Agency Limited. At December 31, 1974, the excess of appraised value of these fixed assets over depreciated book value has been reduced by amounts related to townsite buildings sold in prior years.

At December 31, 1974, these assets are reflected in the accounts at appraised value of \$587,633 (\$703,418 at December 31, 1973), less accumulated depreciation. The unamortized increase in value resulting from the appraisal in 1969 is reflected in shareholder's equity as "Excess of appraised value of fixed assets over depreciated book value". All other fixed assets are recorded at cost.

The company records depreciation on a diminishing balance basis at annual rates of 15%. The excess of appraised value of buildings over depreciated book value is being amortized on a straight line basis at an annual rate of 5%.

Wilmar Mines Limited records depreciation on its equipment on a diminishing balance basis at an annual rate of 15%.

Cochenour Realty Limited records depreciation on its buildings on a straight line basis at an annual rate of 5%.

4. MINING CLAIMS AND LICENCES

	1974	1973
Cochenour Willans Gold Mines, Limited		
Balance at beginning of year	\$ 248,466	\$ 246,426
Additions during year		
6 claims staked adjoining mine claims, 80% interest in adjoining licence of occupation purchased	—	2,040
Balance at end of year	<u>248,466</u>	<u>248,466</u>
Wilmar Mines Limited		
Balance at beginning and end of year	<u>42,874</u>	<u>42,874</u>
Excess of cost of Wilmar shares acquired by the company over net book value of the company's proportion of underlying assets	<u>504,616</u>	<u>504,616</u>
	<u>\$ 795,956</u>	<u>\$ 795,956</u>

COCHENOUR WILLANS GOLD MINES, LIMITED

and its consolidated subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year Ended December 31, 1974

5. DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

These expenditures relate to the claims of Wilmar Mines Limited.

	1974	1973
Balance at beginning of year	\$1,229,938	\$ 998,945
Expenses incurred during the year		
Surface drilling program	64,232	84,543
Underground drilling program	88,194	125,538
Pumping and dewatering	1,909	17,014
Mining	309,858	—
Mine general	41,147	—
Insurance	15,219	—
Depreciation	9,582	684
Administration	8,607	2,664
Directors' fees	425	550
	539,173	230,993
Less grants received (note 8)	33,333	—
	505,840	230,993
Balance at end of year	\$1,735,778	\$1,229,938

6. RECOVERY OF COSTS

The recovery of the costs of mining claims and licences, and deferred exploration and development expenditures is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

7. CAPITAL STOCK

During the year the authorized capital of the company was increased from 5,000,000 shares without par value to 7,000,000 shares without par value.

584,801 shares of the capital stock of the company were issued during 1974 at \$1.25 per share pursuant to a rights offering.

At December 31, 1974 an option was outstanding for the purchase of 15,000 shares of the capital stock of the company at \$1 per share. This option expires December 31, 1977. There are a further 85,000 shares set aside for the granting of options in the future.

8. CONTINGENT LIABILITY

Under the terms of certain agreements, the Ministry of Natural Resources, Ontario, has agreed to reimburse a portion of certain expenses incurred for the exploration of minerals. Should the exploratory work result in the discovery and development of a commercially feasible mineral deposit, amounts so advanced by the Ministry become repayable without interest. Advances earned to December 31, 1974, total \$114,903 of which \$33,333 was earned during 1974.

9. OTHER STATUTORY INFORMATION

Remuneration of directors and senior officers as defined by The Business Corporation Act amounted to \$101,258 (1973, \$84,144).

COCHENOUR WILLANS GOLD MINES, LIMITED

Report of the General Manager

To the Board of Directors,
Cochenour Willans Gold Mines, Limited,
TORONTO, Ontario.

Gentlemen:

The No. 1 Shaft at Cochenour was dewatered an additional level down to the 15th level to provide better working conditions for the handling of waste rock and ore in respect to the Wilmar development program.

The No. 1 Dormitory was opened April 1st to take care of workmen on development and mining and has remained open. We accommodated the Campbell Red Lake Mines Limited by housing some of their single men during the summer months. The Cafeteria remained closed.

WILMAR:

Work during the year was concentrated on the Wilmar development program.

No. 1 Shaft at Cochenour and the main drift on the 1300 level to the Wilmar winze and to the granodiorite zone in the west drift were rehabilitated. This program was initiated on April 4th, 1974 under a contract with E. Tremblay & Sons Inc. of Siscoe, Quebec, and followed with a 750 foot drift 300 feet to the south of the granodiorite zone on the 1300 level to establish five diamond drilling stations to afford favourable conditions to explore and test the zone up and down dip.

The drift was completed and the five stations cut, following which 7,623 feet of underground diamond drilling on a regular geometric pattern down to the 1800 level horizon and up to the 700 foot horizon.

At the same time 8,869 feet of surface diamond drilling was carried out to intersect the granodiorite zone to a vertical depth of 700 feet.

The Wilmar hoistroom was enlarged and a hoist purchased and installed. This is a C.I.R. 48" x 36" Double Drum Electric Mine Hoist. The Wilmar shaft was dewatered.

There was some anxiety as to whether the stopes filled with classified mill tailings and subsequently flooded during the shut-down, would release during the dewatering and allow the tailings to move down to the shaft. Part of the tailings fill did move down to the drift below, but fortunately did not spread out to reach the shaft area.

Exploration drilling provided additional intersections in the Breccia and Carbonate structures in the east zone, which further substantiate the potential of these zones.

The total cost of the 1974 development program was \$528,358. An additional amount of \$60,002 was expended for fixed assets, including Mine Hoist, ten Mine Cars, Mucking Machine, Battery Locomotive, Battery Charger, etc.

SUMMARY

The West Granodiorite Zone has been proved to have continuity from surface to the 1800 level (1600 vertical feet). The tonnage potential indicated is 3.15 to 4.5 million tons. The indicated grade is 0.076 to 0.131 ounces gold per ton. The nature of the gold occurrence is erratic, yet a pattern of dominant flat-lying fracture veining is apparent. It was therefore deemed necessary to recommend to proceed with the mining of 25,000 tons

COCHENOUR WILLANS GOLD MINES, LIMITED

of gold bearing material by the shrinkage stope method to provide 20,000 tons for a milling test to evaluate the possible economic viability of this structure. The recommendation was approved.

Cochenour and Martin agreed to provide further financing of \$600,000 for the mining and milling program in 1975 and the program is well advanced.

Mining: The granodiorite zone is situated 8,000 feet from No. 1 Cochenour shaft. The test stope (which is being mined by the shrinkage method) preparatory work included a 125 foot Slash drift, 50 foot Raise Manway and 8 Draw Points. The stope has a length of 125 feet, is 20 feet wide at the west end and 50 feet wide in the east end. Mining will be over a vertical height of 60 feet plus and should give reliable information as to the ore potential of the zone.

Milling: The Cochenour mill, crusherhouse and conveyorway were rehabilitated and milling commenced on March 26th, 1975. The actual mill test began on April 17th. Operations are on a minimum tonnage of 150 tons average per day until mining in the shrinkage stope is completed when it is expected to move up to milling 300 tons per day, starting June 1st. The Mill test will be completed around the end of June.

Wind Sock Porphyry Zone: Low grade values in gold were reported from work undertaken in the 1930's on this porphyry zone. During 1974, six diamond drill holes were drilled for a total footage of 1,038 feet to test this structure. Values returned were too low to be of economic interest.

Winze Area: The Cochenour and Martin approved an additional \$100,000 appropriation to continue work on the East Breccia and Carbonate zones in the winze area. Further drilling and some development will be carried out to prepare these zones for mining. Ventilation is being installed. Some stope preparation has been completed. Mining is underway and it is proposed to increase the mining cycles in the developed stopes during the milling test of the granodiorite, when the miners are released from the shrinkage stope, so that ore from the east area can be milled upon the completion of the milling test.

COCHENOUR:

No work was undertaken in the Cochenour Mine proper.

ANNCO:

The Annco Mine workings are flooded and no work is contemplated in the immediate future.

CONSOLIDATED MARCUS:

No work done.

EXPLORATION

TROUT BAY GROUP (Cochenour 80%, Coin 10%, Selco 10%)

It is programmed to contract another airborne survey over the Trout Bay group property in 1975, using the latest equipment. Latest reports from Government suggest that the road to the south of Trout Bay — west, taking off from the Madsen highway is expected to begin this year.

COCHENOUR EXPLORATIONS LIMITED

A ground geophysical survey was carried out on the Post Narrows group during the year to define anomalous zones indicated in the earlier aerial survey. Five of the six conductive trends were investigated by diamond drilling. Results were negative.

COCHENOUR WILLANS GOLD MINES, LIMITED

SYDNEY LAKE GROUP (Cochenour 32%, Coin 8%, Selco 60%)

A program of geological mapping was undertaken in this area. Work essentially consisted of diamond drilling a number of previously outlined H.L.E.M. ground conductors. Seven diamond drill holes totalling 1,034 feet were drilled along six separate conductors. No mineralization of economic significance was intersected in any of the drilling.

CASSUMMIT LAKE PROJECT (Cochenour 70%, Coin 30%)

A gold prospect comprising of 35 contiguous claims, generally covered with overburden. A program of ground geophysics was completed over part of this group, followed by a diamond drilling program. The drilling program returned some low to medium grade gold values in an interesting geological setting over a strike length of 950 feet with both ends open. A new diamond drilling contract for 2,000 feet has been let to test this zone further and drilling is underway.

Respectfully submitted,

J. E. J. FAHLGREN,
General Manager.

May 16th, 1975,
COCHENOUR, ONTARIO.

Consolidated Marcus Gold Mines Limited

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1974

(with comparative figures at December 31, 1973)

ASSETS

CURRENT ASSETS	1974	1973
Cash	\$ 2,541	\$ 440
MINING CLAIMS (note 1)		
Acquired by the issue of 2,999,995 shares of the capital stock of the company, valued at	299,999	299,999
DEFERRED EXPENDITURES (note 1)	130,915	131,701
	<u>\$ 433,455</u>	<u>\$ 432,140</u>

LIABILITIES

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 275	\$ 375
DUE TO PARENT COMPANY (note 2)	<u>48,156</u>	<u>46,741</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 3)		
Authorized		
4,000,000 Shares, par value \$1 each		
Issued or to be issued		
3,101,700 Shares	3,101,700	3,101,700
Less discount thereon	<u>2,716,676</u>	<u>2,716,676</u>
	<u>385,024</u>	<u>385,024</u>
	<u>\$ 433,455</u>	<u>\$ 432,140</u>

CONTINGENT LIABILITY (note 4)

Approved by the Board:

J. E. J. FAHLGREN, Director.

J. B. McLELLAN, Director.

AUDITORS' REPORT

To the Shareholders of
Consolidated Marcus Gold Mines Limited

We have examined the balance sheet of Consolidated Marcus Gold Mines Limited as at December 31, 1974 and the statements of deferred expenditures, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,
February 14, 1975.

THORNE GUNN & CO.,
Chartered Accountants.

Consolidated Marcus Gold Mines Limited

STATEMENT OF DEFERRED EXPENDITURES

Year Ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
Balance at beginning of year	\$ 131,701	\$ 121,562
Exploration expenses		
Diamond drilling	—	6,011
Labour	—	2,647
General	—	125
Grants received	(2,228)	—
	(2,228)	8,783
Other expenses		
Acreage and municipal taxes	594	624
Directors' fees	350	75
General	498	657
	1,442	1,356
BALANCE AT END OF YEAR	\$ 130,915	\$ 131,701

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
SOURCE OF FUNDS		
Decrease in deferred expenditures	\$ 786	—
Increase in amount due to parent company	1,415	\$ 5,076
Proceeds from issue of capital stock	—	4,457
	2,201	9,533
APPLICATION OF FUNDS		
Increase in deferred expenditures	—	10,139
INCREASE (DECREASE) IN WORKING CAPITAL	2,201	(606)
WORKING CAPITAL AT BEGINNING OF YEAR	65	671
WORKING CAPITAL AT END OF YEAR	\$ 2,266	\$ 65

Consolidated Marcus Gold Mines Limited

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1974

1. RECOVERY OF COSTS

The recovery of costs of mining claims and deferred expenditures is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

2. DUE TO PARENT COMPANY

Under the terms of the agreement whereby the company acquired its mining claims, as amended August 15, 1961, 1,999,995 escrowed shares of the capital stock of the company were issued to Cocheour Willans Gold Mines, Limited of which 1,750,000 shares have been released from escrow and the remaining 249,995 shares are to be released when Cochenour Willans Gold Mines, Limited has caused the company to bring the mining claims into production. The company also agreed to repay to Cochenour Willans Gold Mines, Limited after the mining claims have been brought into production and before payment of any dividends certain monies expended by Cochenour Willans Gold Mines, Limited, and all monies advanced by it together with simple interest thereon at the rate of 4% per annum to date of payment. At December 31, 1974 such expenditures and advances amounted to \$89,955, of which \$41,799 has not been provided for in the accompanying balance sheet.

3. CAPITAL STOCK

During the year 41,700 shares of the company were issued to Cochenour Willans Gold Mines, Limited as its entitlement under the terms of an agreement dated January 17, 1966 for an expenditure of \$25,020 on prospecting, exploration and development.

Because Cochenour Willans Gold Mines, Limited was entitled to receive these shares in 1973, the shares were recorded as to be issued in that year.

4. CONTINGENT LIABILITY

Under the terms of certain agreements, the Ministry of Natural Resources, Ontario, has agreed to reimburse a portion of certain expenses incurred for the exploration of minerals. Should the exploratory work result in the discovery and development of a commercially feasible mineral deposit, such amounts so advanced by the Ministry become repayable without interest. Advances received to December 31, 1974, total \$2,228.

Cochenour Explorations Limited

(Incorporated as a private company under the laws of Ontario)

Balance Sheet — December 31, 1974

(with comparative figures at December 31, 1973)

ASSETS		
CURRENT ASSETS	1974	1973
Cash	\$ 1,381	\$ 1,384
FIXED ASSETS		
Equipment, at cost	4,755	4,755
MINING CLAIMS, acquired for 249,994 shares of capital stock valued at \$249,994 and \$1,000 cash (note 1)	250,994	250,994
DEFERRED EXPLORATION EXPENDITURES (note 1)	457,873	422,716
	<u>\$ 715,003</u>	<u>\$ 679,849</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 550	\$ 400
ADVANCES FROM SHAREHOLDERS (note 2)		
Cochenour Willans Gold Mines, Limited	141,433	115,459
Other	87,988	77,887
	<u>229,421</u>	<u>193,346</u>
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Authorized and issued		
500,000 Shares, par value \$1 each	500,000	500,000
DEFICIT	14,968	13,897
	<u>485,032</u>	<u>486,103</u>
	<u>\$ 715,003</u>	<u>\$ 679,849</u>
CONTINGENT LIABILITY (note 3)		

Approved by the Board:

J. E. J. FAHLGREN, Director.

J. B. McLELLAN, Director.

AUDITORS' REPORT

To the Shareholders of
Cochenour Explorations Limited

We have examined the balance sheet of Cochenour Explorations Limited as at December 31, 1974 and the statements of deferred exploration expenditures, income, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,
February 14, 1975.

THORNE GUNN & CO.,
Chartered Accountants,

Cochenour Explorations Limited

Statement of Deferred Exploration Expenditures

Year Ended December 31, 1974
(with comparative figures for 1973)

	1974	1973
Balance at beginning of year	\$ 422,716	\$ 415,428
Staking and line cutting	4,214	—
Geophysical surveys	16,682	5,194
Diamond drilling	11,361	—
Acreage taxes	157	156
General exploration	2,743	1,938
	<u>35,157</u>	<u>7,288</u>
BALANCE AT END OF YEAR	<u>\$ 457,873</u>	<u>\$ 422,716</u>

Statement of Income

Year Ended December 31, 1974
(with comparative figures for 1973)

	1974	1973
Administrative expenses		
Audit	\$ 500	\$ 450
Legal	69	50
Government fees and taxes	100	150
Directors' fees	300	225
Sundry	102	102
LOSS FOR THE YEAR	<u>\$ 1,071</u>	<u>\$ 977</u>

Cochenour Explorations Limited

Statement of Deficit

Year Ended December 31, 1974
(with comparative figures for 1973)

	1974	1973
Deficit at beginning of year	\$ 13,897	\$ 12,920
Loss for the year	1,071	977
DEFICIT AT END OF YEAR	<u>\$ 14,968</u>	<u>\$ 13,897</u>

Statement of Source and Application of Funds

Year Ended December 31, 1974
(with comparative figures for 1973)

SOURCE OF FUNDS	1974	1973
Increase in advances from shareholders	\$ 36,075	\$ 7,701
APPLICATION OF FUNDS		
Increase in deferred exploration expenditures	35,157	7,288
Administrative expenses	1,071	977
	<u>36,228</u>	<u>8,265</u>
DECREASE IN WORKING CAPITAL	153	564
WORKING CAPITAL AT BEGINNING OF YEAR	984	1,548
WORKING CAPITAL AT END OF YEAR	<u>\$ 831</u>	<u>\$ 984</u>

Cochenour Explorations Limited

Notes to Financial Statements Year Ended December 31, 1974

1. RECOVERY OF COSTS

The recovery of costs of mining claims and deferred exploration expenditures is dependent upon obtaining adequate financing and the development of sufficient quantities of ore of economic value.

2. ADVANCES FROM SHAREHOLDERS

Under the terms of an agreement dated January 21, 1966 the company may request advances from its shareholders to a maximum of \$250,000, in proportion to their shareholdings.

At December 31, 1974 the company has requested and received the following advances from its shareholders:

	Amount Requested	Amount Received
Cochenour Willans Gold Mines, Limited	\$ 117,005	\$ 141,433
Coin Lake Gold Mines Limited	41,296	41,296
Mentor Explorations Development Co. Ltd.	43,590	23,750
Selco Exploration Company Limited	22,942	22,942
Estate of S. J. Zacks	4,588	
	<u>\$ 229,421</u>	<u>\$ 229,421</u>

Default on requests can result in the forfeiture of a pro-rata portion of the shareholders' shares in the company to the other shareholders.

Mentor Explorations Development Co. Ltd. and the Estate of S. J. Zacks have advised that they will not make further advances. The deficiency in requests to these shareholders has been paid by Cochenour Willans Gold Mines, Limited in anticipation of assuming the shares on forfeiture.

3. CONTINGENT LIABILITY

Under the terms of certain agreements, the Ministry of Natural Resources, Ontario, has agreed to reimburse a portion of certain expenses incurred for the exploration of minerals. Should the exploratory work result in the discovery and development of a commercially feasible mineral deposit, such amounts so advanced by the Ministry become repayable without interest. Advances earned to December 31, 1974 total \$6,053.

Annco Mines Limited

(Incorporated under the laws of Ontario)

BALANCE SHEET — DECEMBER 31, 1974

(with comparative figures at December 31, 1973)

ASSETS		1974	1973
CURRENT ASSETS			
Cash		\$ 406	\$ 408
MINING CLAIMS (note 1)			
Acquired by the issue of 1,166,663 shares of the capital stock of the company, valued at		58,333	58,333
		<u>\$ 58,739</u>	<u>\$ 58,741</u>

LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 750	\$ 750
Payable to parent company, Cochenour Willans Gold Mines, Limited		195,829	194,862
		<u>196,579</u>	<u>195,612</u>

CAPITAL STOCK AND DEFICIT			
CAPITAL STOCK (note 2)			
Authorized			
3,000,000 Shares, par value \$1 each			
Issued			
2,906,668 Shares		2,906,668	2,906,668
Less discount thereon		2,192,330	2,192,330
		714,338	714,338
DEFICIT		852,178	851,209
		<u>(137,840)</u>	<u>(136,871)</u>
		<u>\$ 58,739</u>	<u>\$ 58,741</u>

Approved by the Board:

J. E. J. FAHLGREN, Director.

J. B. McLELLAN, Director.

AUDITORS' REPORT

To the Shareholders of
Annco Mines Limited

We have examined the balance sheet of Annco Mines Limited as at December 31, 1974 and the statements of income, deficit, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1974 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thunder Bay, Canada,
February 14, 1975

THORNE GUNN & CO.,
Chartered Accountants.

Annco Mines Limited

STATEMENT OF INCOME

Year Ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
Administrative expenses		
Audit	\$ 375	\$ 350
Legal	36	177
Government fees and taxes	231	195
Directors' fees	300	250
Sundry	27	102
LOSS FOR THE YEAR	<u>\$ 969</u>	<u>\$ 1,074</u>

STATEMENT OF DEFICIT

Year Ended December 31, 1974

(with comparative figures for 1973)

	1974	1973
Deficit at beginning of year	\$ 851,209	\$ 850,135
Loss for the year	<u>969</u>	<u>1,074</u>
DEFICIT AT END OF YEAR ..	<u>\$ 852,178</u>	<u>\$ 851,209</u>

Annco Mines Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year Ended December 31, 1974
(with comparative figures for 1973)

	1974	1973
SOURCE OF FUNDS	\$ NIL	\$ NIL
APPLICATION OF FUNDS		
Loss for the year	969	1,074
DECREASE IN WORKING CAPITAL POSITION	969	1,074
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	195,204	194,130
WORKING CAPITAL DEFICIENCY AT END OF YEAR	<u>\$ 196,173</u>	<u>\$ 195,204</u>

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1974

1. RECOVERY OF COSTS

The recovery of the costs of mining claims is dependent upon obtaining adequate financing and developing a sufficient quantity of ore of economic value.

2. CAPITAL STOCK

At December 31, 1974, Martin-McNeely Mines Limited, under the terms of certain agreements, had options to subscribe for 93,332 shares of the company's capital stock at \$1 per share.

Annual Report 1999

Statement of the Board of Directors

The Board of Directors of the Corporation has the honor to present to you the Annual Report for the year ended December 31, 1999.

The Board of Directors is composed of the following members:

Mr. J. A. Smith, Chairman

Mr. R. B. Jones

Mr. C. D. Brown

Mr. E. F. Green

Mr. G. H. White

Mr. I. J. Black

The Board of Directors is pleased to report that the Corporation has achieved significant success during the year.

The Corporation's revenue has increased by 10% over the previous year.

The Corporation's operating income has increased by 15% over the previous year.

The Corporation's net income has increased by 12% over the previous year.

The Corporation's cash flow has increased by 8% over the previous year.

The Corporation's return on equity has increased by 5% over the previous year.

Statement of the Management

The Management of the Corporation has the honor to present to you the Annual Report for the year ended December 31, 1999.

The Management is composed of the following members:

Mr. J. A. Smith, Chairman

Mr. R. B. Jones

Mr. C. D. Brown

Mr. E. F. Green

Mr. G. H. White

Mr. I. J. Black

The Management is pleased to report that the Corporation has achieved significant success during the year.

The Corporation's revenue has increased by 10% over the previous year.

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